



Legislative  
Council Staff

*Nonpartisan Services for Colorado's Legislature*

# Initiative 31

## Fiscal Summary

---

<b>Date:</b>	April 19, 2021	<b>Fiscal Analyst:</b>	Greg Sobetski (303-866-4105)
--------------	----------------	------------------------	------------------------------

---

### LCS TITLE: STATE INCOME TAX RATE REDUCTION

#### Fiscal Summary of Initiative 31

This fiscal summary, prepared by the nonpartisan Director of Research of the Legislative Council, contains a preliminary assessment of the measure's fiscal impact. A full fiscal impact statement for this initiative is or will be available at [www.ColoradoBlueBook.com](http://www.ColoradoBlueBook.com). This fiscal summary identifies the following impact.

**State revenue.** By reducing the state tax rate from 4.55 percent to 4.40 percent, the measure reduces General Fund revenue from income taxes by an estimated \$530 million in FY 2022-23 and \$370 million in FY 2023-24, with ongoing reductions in future years. The estimate for FY 2022-23 represents a full-year impact for tax year 2022 and a half-year impact for tax year 2023.

**State expenditures.** The measure reduces the General Fund amount available to be spent or saved in FY 2021-22 and future fiscal years. The General Fund is used to fund various state services, including health care, education, and human services. To administer the tax rate change, the measure is expected to increase General Fund expenditures for the Department of Revenue by \$10,000.

**Economic impacts.** Taxpayers will have more after-tax income available to spend or save, increasing their consumption of goods and services. The measure will decrease state government spending. Any overall change in economic activity will depend on the net economic impact of higher after-tax household and business income and reduced investment in public services.